

10 April 2024

India | Equity Research | Company Update

Galaxy Surfactants

Speciality Chemicals

FY25E – volumes to moderate, margins to improve

In the last three years, Galaxy Surfactants (Galaxy) has grappled with a variety of challenges, yet delivered consistent earnings thanks to its robust business model and diversified portfolio. After a strong FY24E (+9.2%), we envisage Galaxy's volumes slowing as India growth moderates while AMET improves. However, the company may revise its EBITDA/kg guidance upwards by at least INR 1 in FY25E, as developed markets (DM) resume gaining traction. Galaxy will likely achieve its growth guidance with net profit > EBITDA > volume – stressed upon greatly by the company. We cut our FY25E EPS by 3.8% on lower volumes estimates for India, and TP to INR 2,440 (earlier: INR 2,645), as we roll over our valuations to FY26E, and lower the multiple to 22x (from 25x). We upgrade our rating to **HOLD** (from **Reduce**).

AMET/RoW revival to lift volumes; fatigue in India volumes

Galaxy's AMET volumes in the past three years have declined by 23% to 73kte in FY24E from 95kte in FY21. AMET business was hurt from sharp depreciation in the Egyptian and Turkish currencies by 127% and 178%, respectively, from Mar'21 to Mar'24. We understand that the currency depreciation has led to steep local inflation and consumer downgrades to the extent of consumers even curtailing consumption. Separately, a sizeable chunk of Galaxy's revenue in AMET originates from tier-1 customers – P&G, Unilever and others – who are battling intense competition from local backward-integrated players; this in turn has put a dent in Galaxy's market share. We have seen this phenomenon even in FY19, albeit with a much softer intensity. However, AMET volumes will be inclined to bounce back as currency stabilises – we pen AMET volume CAGR of 7.8% over FY24–26E.

In FY23, RoW saw volumes trembling, before finding its feet again in FY24E. That said, within RoW, we opine that destocking has demotivated volumes from higher-margin DM supplies. Nonetheless, as volumes from DM take better shape in FY25E, we expect steady RoW to follow suit (CAGR of 8% over FY24–26E). Our estimates do not bake in any volumes uptick from re-stocking – this could be an upside risk.

India has been a bright spot with volume CAGR of 10.9% over past three years thanks to strong underlying demand from premium products.

Financial Summary

Y/E March (INR mn)	FY23A	FY24E	FY25E	FY26E
Net Revenue	44,452	37,953	40,488	41,484
EBITDA	5,683	4,730	5,655	6,176
EBITDA Margin (%)	12.8	12.5	14.0	14.9
Net Profit	3,810	2,913	3,603	3,934
EPS (INR)	107.5	82.2	101.6	111.0
EPS % Chg YoY	45.0	(23.6)	23.7	9.2
P/E (x)	24.0	31.4	25.4	23.2
EV/EBITDA (x)	15.9	18.6	15.4	13.8
RoCE (%)	19.1	13.5	15.4	15.0
RoE (%)	22.0	14.6	16.2	15.8

Sanjesh Jain

sanjesh.jain@icicisecurities.com
+91 22 6807 7153

Ashvik Jain

ashvik.jain@icicisecurities.com

Market Data

Market Cap (INR)	91bn
Market Cap (USD)	1,099mn
Bloomberg Code	GALSURF IN
Reuters Code	GALX NS
52-week Range (INR)	2,989 / 2,241
Free Float (%)	29.0
ADTV-3M (mn) (USD)	1.2

Price Performance (%)	3m	6m	12m
Absolute	(8.3)	(1.9)	7.1
Relative to Sensex	(12.9)	(14.8)	(17.6)

Earnings Revisions (%)	FY24E	FY25E
Revenue	(2.4)	(2.4)
EBITDA	(4.9)	(1.1)
EPS	(9.0)	(3.8)

Previous Reports

11-11-2023: [Q2FY24 results review](#)
15-08-2023: [Q1FY24 results review](#)

India volumes benefited from tier-1 customers aggressively pushing volumes in premium categories, as mass category faced severe competition from smaller players. Also, burgeoning niche players, which include new-age players, online brands, private labels etc., also aided growth for Galaxy. We expect volume growth in India to moderate (8.5% CAGR over FY24-26E) on the back of a general slowdown in the consumer market, and a higher base.

Overall, we expect Galaxy's volumes to grow at CAGR of 8.2% to 295kte over FY24-26E, which is towards the upper range of the company's guidance of 6-8%.

AMET contribution in Performance surfactants to rise, restricting EBITDA/kg growth

Performance surfactants' volumes have grown at a CAGR of only 2.6% to 168kte over the past three years (FY21-24E) due to a decline in AMET; volumes growth in India remained strong. We envisage performance surfactants volumes CAGR of CAGR of 7.5% over FY24-26E as AMET volumes bounce back and India remains steady. Nonetheless, Performance surfactants gross profit/kg has remained strong, up at CAGR 6.9% to INR 33.2/kg over FY21-24E given better products mix (lower AMET contribution, which has significantly higher proportion of low-margin SLES, and LABSA). We expect gross profit/kg to be stable over the next two years as AMET volumes recover. Consequently, performance surfactants EBITDA/kg will likely dip slightly, at 0.6% p.a. over next two years; and EBITDA will likely grow at a CAGR of 6.5% to INR 2bn over FY24-26E.

Specialty to benefit from DM recovery; EBITDA/kg to rise smartly

Specialty care products' volumes have grown at a CAGR of only 2% to 84kte over the past three years (FY21-24E) due to demand being impacted from high inflation and destocking in DM. We believe specialty care products' volumes will likely grow at a CAGR of 9.5% over FY24-26E with DM volumes growing again. Specialty care products' gross profit/kg has increased at a CAGR 3% to INR 75/kg over FY21-24E despite lower contribution from DM, thanks to rising share from India. We expect gross profit/kg growth to hold steady at a CAGR of 3.1% over FY24-26E, as DM volumes regain growth trajectory. Consequently, specialty care products' EBITDA/kg growth shall accelerate at a CAGR of 8.1% over the next two years; and EBITDA will likely expand at a CAGR of 18.4% to INR 4.2bn over FY24-26E.

EBITDA/kg guidance to be revised upwards for FY25E; EPS to grow at 16% CAGR

Galaxy's guidance is to grow volumes in the range of 6-8% p.a., which has remained consistent. However, the company has upped its EBITDA/kg guidance from the earlier INR 14-16/kg to INR 19.5-20.5/kg (including other income) for FY24E, which we believe the company may marginally undershoot. In our opinion, EBITDA/kg will likely come in at INR 18.8/kg (excluding other income) for FY24E. However, Galaxy may revisit its FY25E EBITDA/kg guidance, in our view. For that, we forecast management pegging EBITDA/kg at least INR 1/kg higher; while we reckon an improvement of INR 2/kg.

Galaxy has, earlier too, pointed to its business model which emphasises on growth rate – net profit > EBITDA > volumes (profit grow faster than EBITDA which indeed will outgrow volumes). Our numbers too echo this, which works with volume growth assumption at a CAGR of 8.2% over FY24-26E, EBITDA rise at a CAGR of 14.3% and net profit at a CAGR of 16.2%.

Risks

Upside risks: 1) Restocking driving higher-than-expected volumes from developed market. 2) AMET volumes growing faster-than-expected. 3) India volumes growth sustaining at higher levels similar to past three years CAGR.

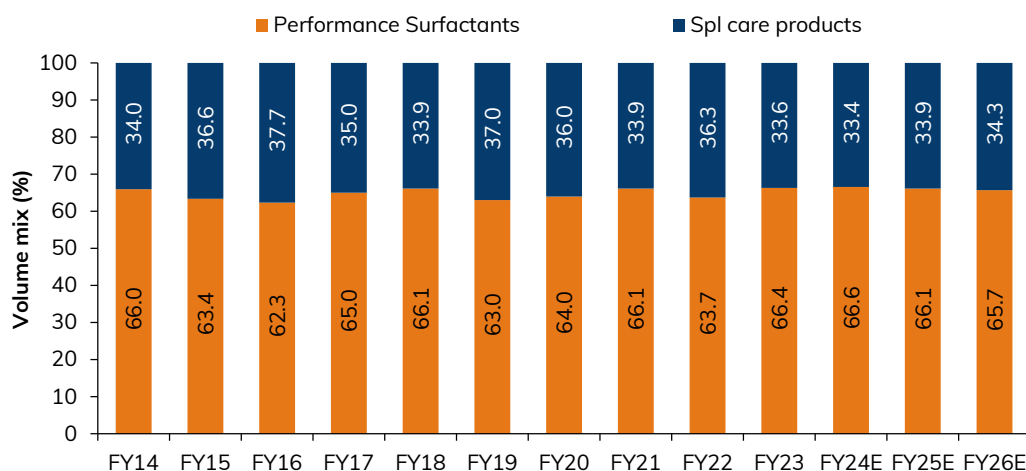
Downside risks: 1) EBITDA margin expansion lower-than-expected. 2) India volume deceleration higher-than-expected. 3) AMET market continues to remain challenging.

Note: The company does not provide a breakdown of gross profit and EBITDA for performance surfactants and specialty care products. We have made certain assumptions on profitability for model validation purposes.

Performance surfactants EBITDA to grow moderately (CAGR: 6.8%) over next two years

Performance surfactants mix has grown to 66.1% in FY21, from per-covid at 63% in FY19 due to a rise in basic hygiene demand. Specialty care products was impacted due to lower discretionary demand in US and Europe; and destocking. We believe FY25E onwards, Galaxy may restart its journey of shifting mix in favour of specialty care products. Specialty care products benefit from premiumisation, use of lower PH surfactants (mild) and adoption of non-toxic preservative.

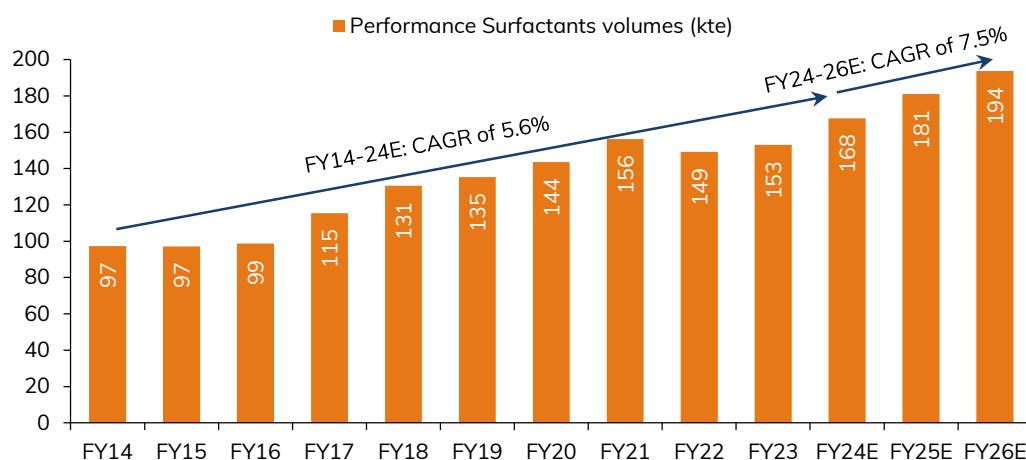
Exhibit 1: Performance surfactants has taken share post-covid with rise in demand for basic hygiene



Source: I-Sec research, Company data

Performance surfactants volumes have grown at a CAGR of 5.6% over FY14–24E. It was hurt from the volume decline in the AMET region in past three years due to steep currency depreciation in Egypt and Turkey. RoW was also hurt from destocking. India volumes, growing strong, has been a bright spot. Nonetheless, we expect India volumes growth to moderate from FY25E; however, AMET volumes growth should catch-up simultaneously. Therefore, we project performance surfactants volumes to grow at a CAGR of 7.5% over FY24–26E.

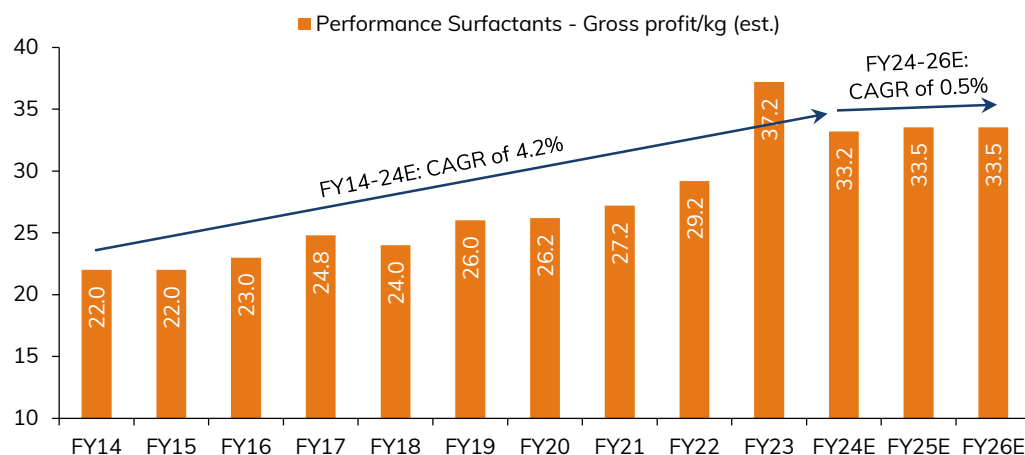
Exhibit 2: Performance surfactants volumes grew at CAGR of 5.6% over FY14–24E; but likely grow faster in next two years



Source: I-Sec research, Company data

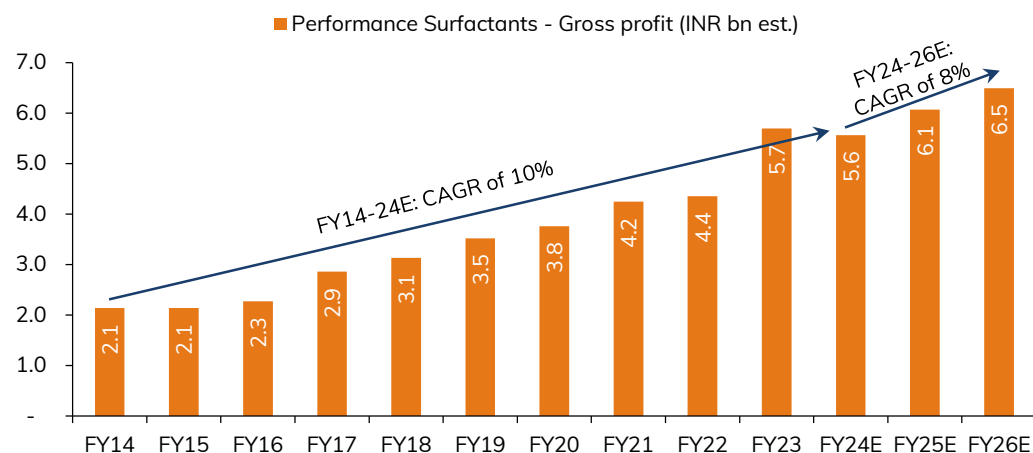
Performance surfactants' gross profit/kg has jumped in FY23 due to pass-through of higher operating cost. Freight, and power & fuel costs have increased sharply, which was passed-on driving higher gross profit/kg. This has moderated in FY24E.

Exhibit 3: Performance surfactants gross profit/kg (estimated) has grown at CAGR of 4.2% over FY14-24, but it should be stable for next two years...



Source: I-Sec research, Company data

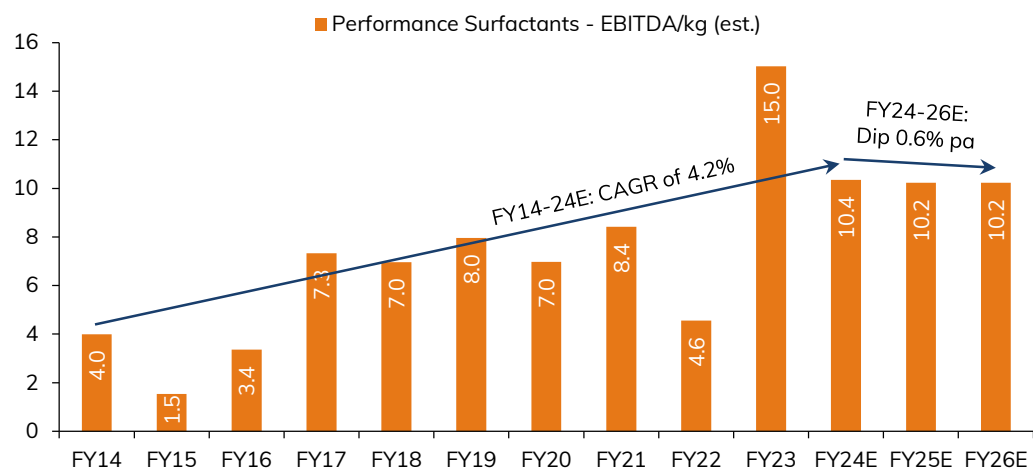
Exhibit 4: ...implying, performance surfactants' gross profit likely grow at a CAGR of 8% during FY24-26E



Source: I-Sec research, Company data

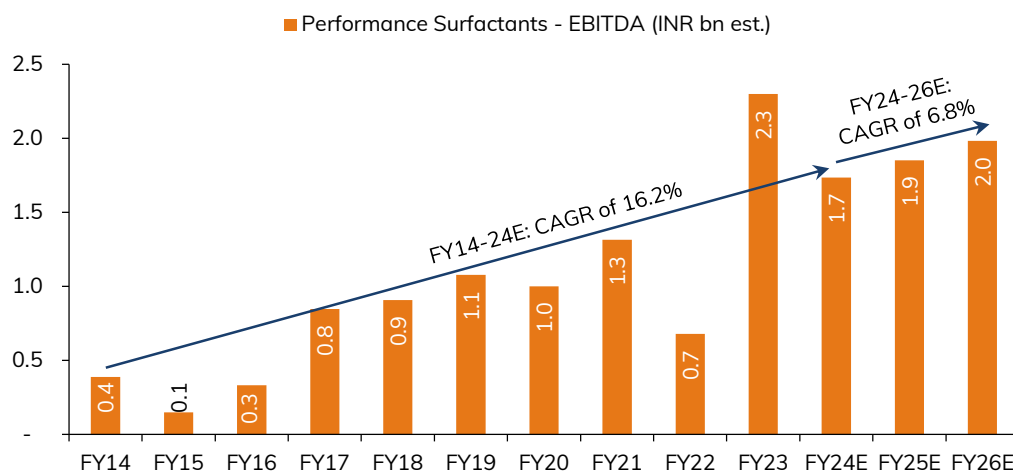
We estimate EBITDA/kg to slip in FY25E as AMET volumes start growing, and mix becoming slightly less favourable. Post which, we expect EBITDA/kg for performance surfactants to be stable at INR 10.2/kg

Exhibit 5: EBITDA/kg to drop over next two years as AMET volumes starts growing again



Source: I-Sec research, Company data

Exhibit 6: Performance surfactants – moderate EBITDA growth over next two years



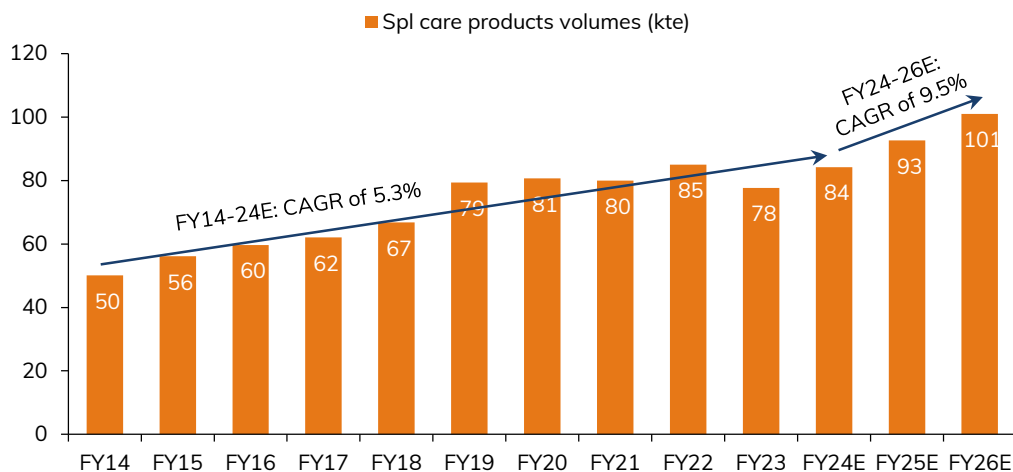
Source: I-Sec research, Company data

Specialty care products EBITDA to grow fast at CAGR of 18.4%

Specialty care products volumes has grown at CAGR of 5.3% over FY14-24E which is subdued due to past three years has been particularly challenging. The sales of specialty care products were impacted from Covid which indeed has hurt outdoor products (skin care, and luxury products). Also, developed markets, which are the largest contributors for specialty care product, have been battling higher inflation; and now destocking has capped volumes.

Specialty care products volume growth to be healthy with impact of destocking largely behind. We also see upside risk to volumes if restocking plays out.

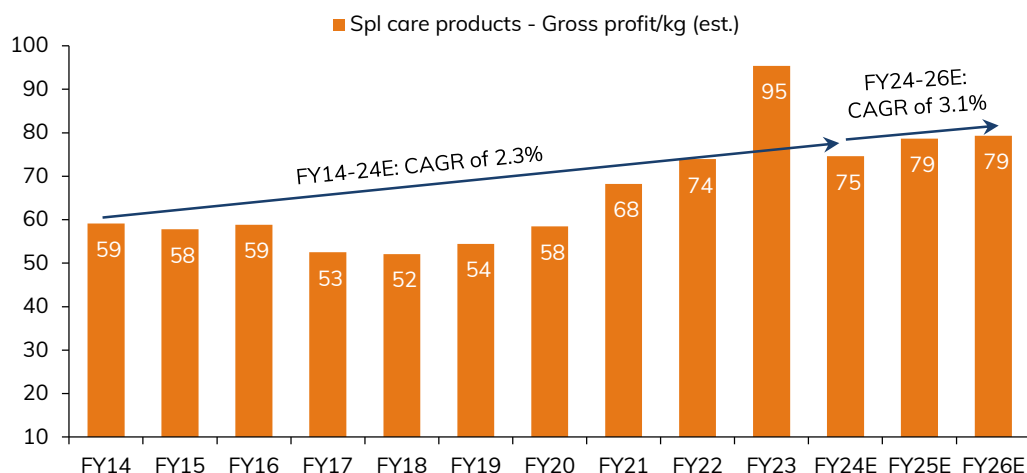
Exhibit 7: Specialty care products volumes to grow at CAGR of 9.5%



Source: I-Sec research, Company data

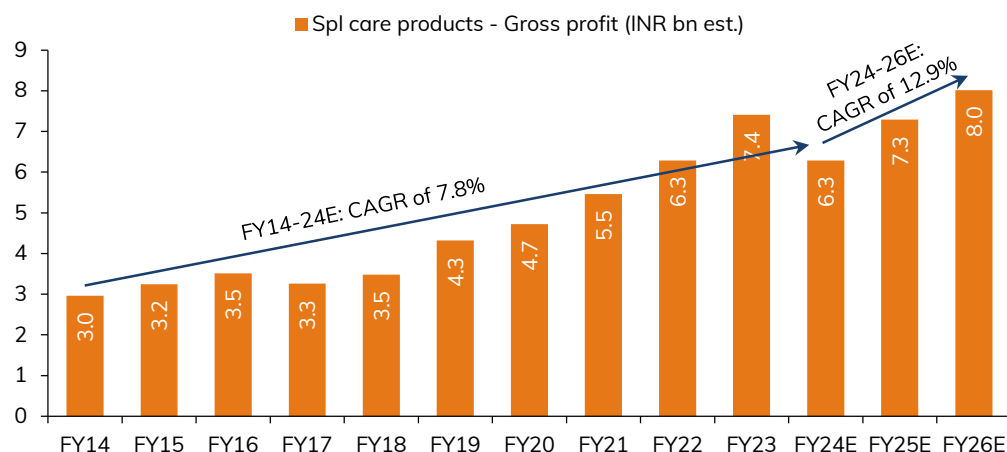
Specialty care products gross profit/kg has grown at CAGR of 2.3% over FY14-24 helped by premiumsation from higher volumes for preservative and mild-surfactants. We expect gross profit/kg to growth to sustain at 3.1% CAGR over FY24-26E helped by higher sales to developed countries which buys higher margin masstige and luxury products.

Exhibit 8: Specialty care products gross profit/kg to grow at 3.1% CAGR over FY24-26E...



Source: I-Sec research, Company data

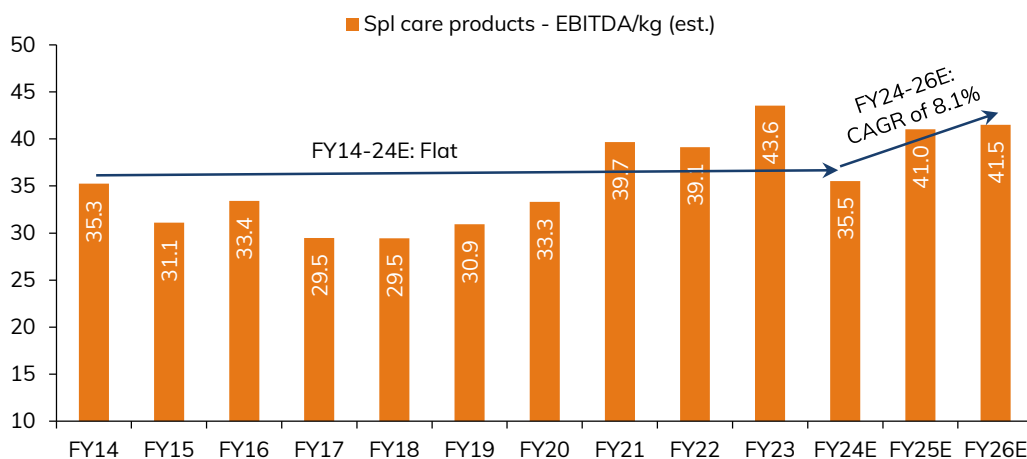
Exhibit 9: ...thereby driving healthy growth at gross profit CAGR of 12.9%



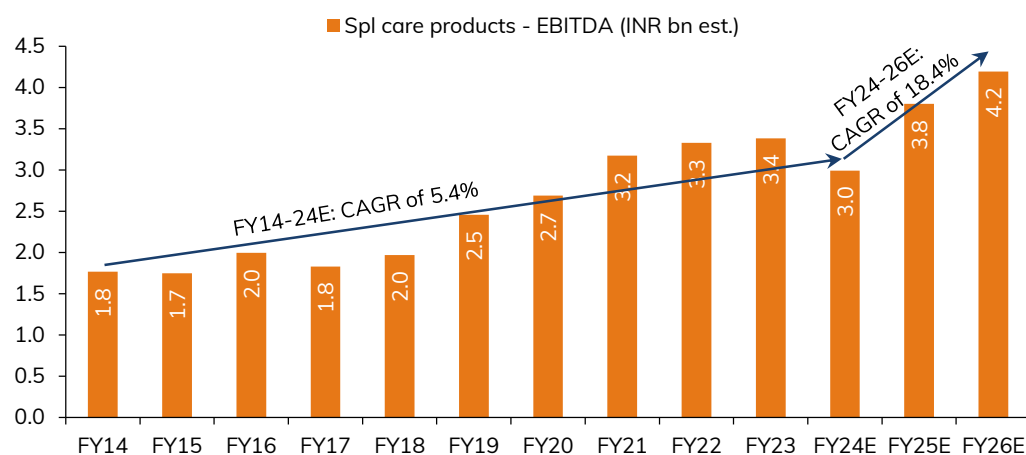
Source: I-Sec research, Company data

EBITDA/kg to grow faster at 8.1% over FY24-26E on low base, and better product mix. Product mix will be influenced by higher volumes to developed countries. Specialty care products' EBITDA/kg has been flattish during FY14-24E, but shall grow at a CAGR of 18.4% over FY24-26E.

Exhibit 10: EBITDA/kg to grow at CAGR of 8.1% over FY24-26E on better product mix



Source: I-Sec research, Company data

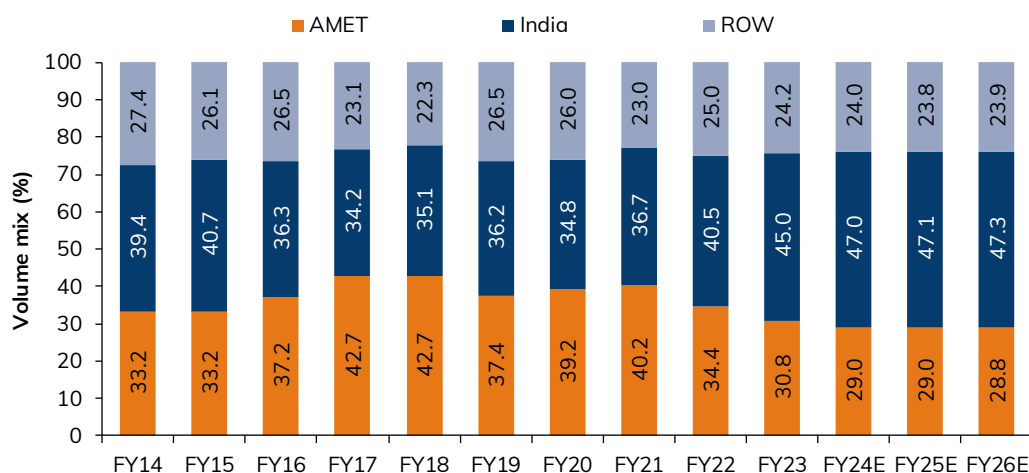
Exhibit 11: Specialty care products EBITDA grow at CAGR of 18.4% in same period


Source: I-Sec research, Company data

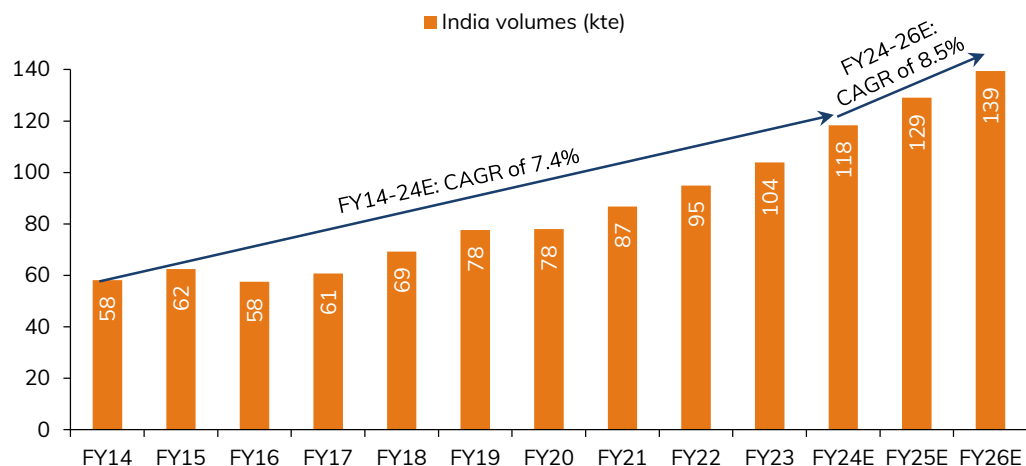
Slower India volumes, RoW revival and AMET to grow on low base

India volumes has gained significantly post-covid due to rise in hygiene awareness, and regional player/new age companies winning market share. Galaxy gained from premiumisation efforts from tier-1 customers, and equally strong presence among regional players. We believe, India volumes will likely moderate on higher base, but still lead growth for Galaxy.

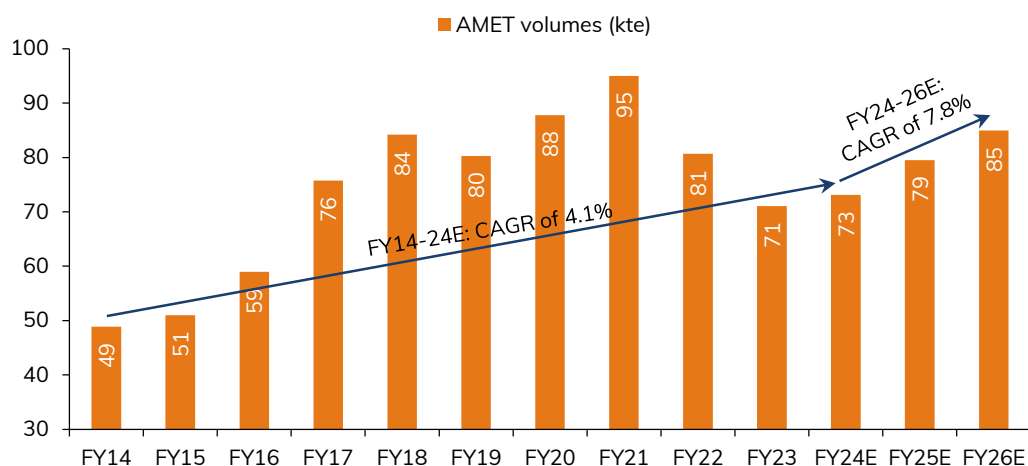
We believe India will continue to grab volume mix; however, the pace of acceleration to drop significantly. AMET shall benefit from normalisation in volumes, and DM will likely start growing after a few quarters of destocking.

Exhibit 12: India volumes mix to continue grow, but gains to decelerate


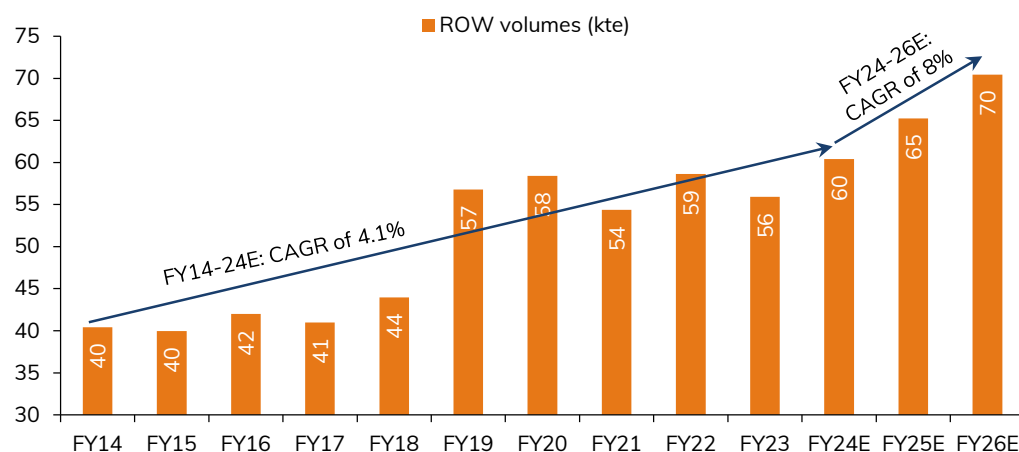
Source: I-Sec research, Company data

Exhibit 13: India volumes to still grow fast for Galaxy

Source: I-Sec research, Company data

Exhibit 14: AMET volumes to gain acceleration after two years of muted growth

Source: I-Sec research, Company data

Exhibit 15: DM revival to help propel growth in RoW category

Source: I-Sec research, Company data

Financial

Exhibit 16: Galaxy's EBITDA/kg to grow at CAGR of 5.6% over FY24-26E from better product mix

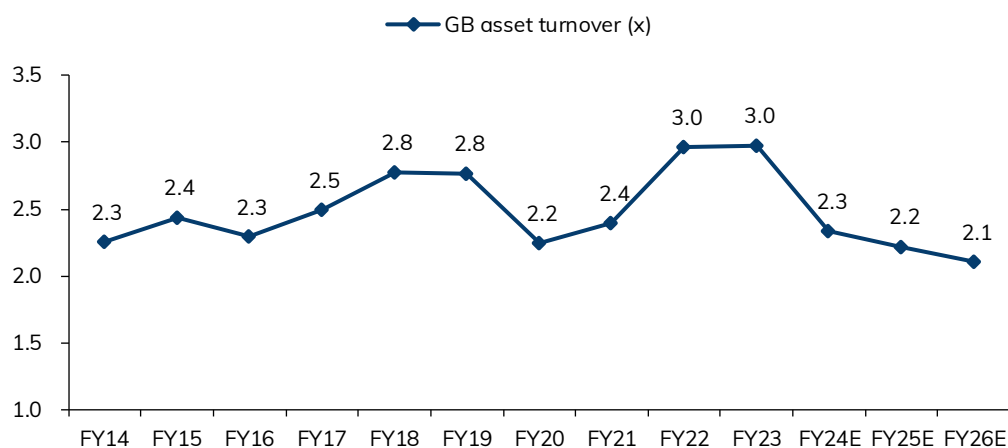
INR mn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY24-26E CAGR (%)
Volumes (te)								
Performance Surfactants	1,43,521	1,56,153	1,49,194	1,53,126	1,67,673	1,81,087	1,93,763	7.5
Spl care products	80,716	80,011	85,023	77,659	84,260	92,686	1,01,028	9.5
Total	2,24,237	2,36,164	2,34,217	2,30,785	2,51,933	2,73,773	2,94,791	8.2
Realisation/kg								
Performance Surfactants	111	115	151	189	136	133	127	(3.5)
Spl care products	126	126	169	201	181	177	168	(3.5)
Total	116	118	158	193	151	148	141	(3.4)
Revenue								
Performance Surfactants	15,870	17,880	22,560	28,960	22,832	24,165	24,564	3.7
Spl care products	10,150	10,080	14,410	15,590	15,224	16,411	16,994	5.7
Total	26,020	27,960	36,970	44,550	38,056	40,577	41,558	4.5
Gross profit								
Performance Surfactants	3,760	4,247	4,356	5,696	5,567	6,072	6,497	8.0
Spl care products	4,719	5,461	6,286	7,405	6,286	7,287	8,011	12.9
Total	8,480	9,708	10,642	13,101	11,853	13,359	14,508	10.6
Gross profit/kg								
Performance Surfactants	26.2	27.2	29.2	37.2	33.2	33.5	33.5	0.5
Spl care products	58.5	68.2	73.9	95.4	74.6	78.6	79.3	3.1
Total	37.8	41.1	45.4	56.8	47.0	48.8	49.2	2.3
EBITDA								
Performance Surfactants	1,001	1,314	680	2,300	1,736	1,852	1,982	6.8
Spl care products	2,688	3,175	3,328	3,383	2,994	3,803	4,194	18.4
Total	3,689	4,488	4,007	5,683	4,730	5,655	6,176	14.3
EBITDA/kg								
Performance Surfactants	7.0	8.4	4.6	15.0	10.4	10.2	10.2	(0.6)
Spl care products	33.3	39.7	39.1	43.6	35.5	41.0	41.5	8.1
Total	16.5	19.0	17.1	24.6	18.8	20.7	20.9	5.6

Source: I-Sec research, Company data

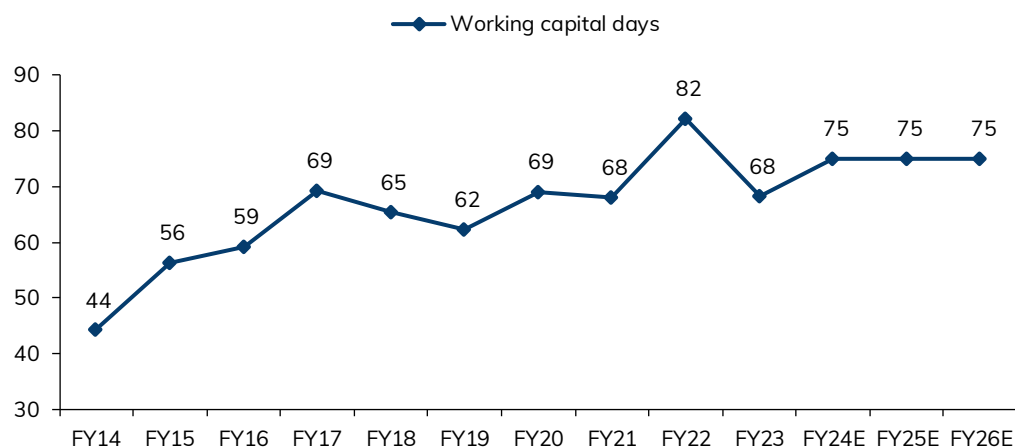
Exhibit 17: Galaxy's EPS to rise at CAGR of 16.2% over FY24-26E

INR mn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY24-26E CAGR (%)
Revenue	25,964	27,841	36,857	44,452	37,953	40,488	41,484	4.5
Growth (%)	(6.0)	7.2	32.4	20.6	(14.6)	6.7	2.5	
Gross profit	8,811	10,095	10,972	13,452	12,221	13,746	14,913	10.5
GPM (%)	33.9	36.3	29.8	30.3	32.2	34.0	36.0	
Growth (%)	8.1	14.6	8.7	22.6	(9.1)	12.5	8.5	
EBITDA	3,689	4,488	4,007	5,683	4,730	5,655	6,176	14.3
EBITDA (%)	14.2	16.1	10.9	12.8	12.5	14.0	14.9	
Growth (%)	4.4	21.7	(10.7)	41.8	(16.8)	19.6	9.2	
EBIT	3,067	3,749	3,297	4,848	3,740	4,560	4,970	15.3
Other income	59	109	125	99	175	184	193	5.0
Finance cost	238	134	129	217	228	183	183	(10.4)
PBT	2,888	3,723	3,293	4,730	3,687	4,561	4,980	16.2
Tax	584	702	665	920	774	958	1,046	16.2
ETR (%)	20.2	18.8	20.2	19.4	21.0	21.0	21.0	
Net profit	2,304	3,021	2,628	3,810	2,913	3,603	3,934	16.2
PAT (%)	8.9	10.9	7.1	8.6	7.7	8.9	9.5	
Growth (%)	20.6	31.1	(13.0)	45.0	(23.6)	23.7	9.2	
EPS (INR)	65	85	74	107	82	102	111	16.2

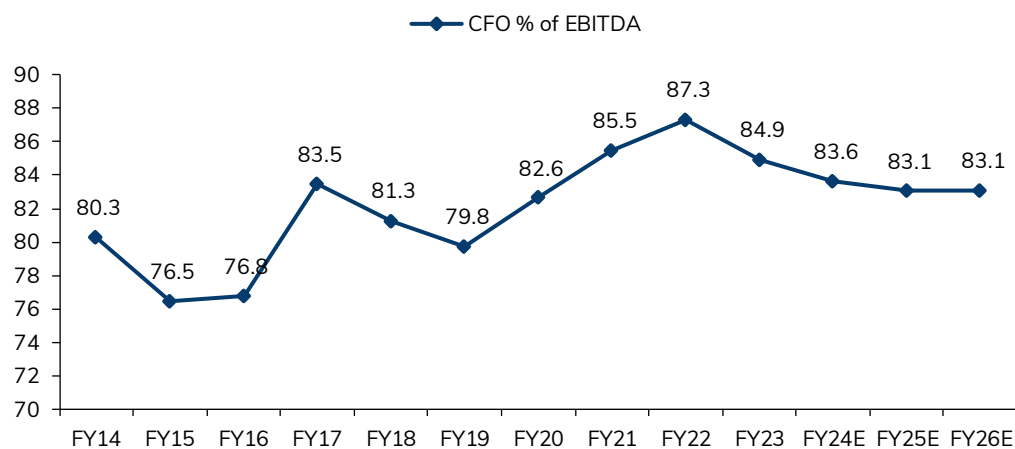
Source: I-Sec research, Company data

Exhibit 18: GB asset turnover to drop due to lower realisation

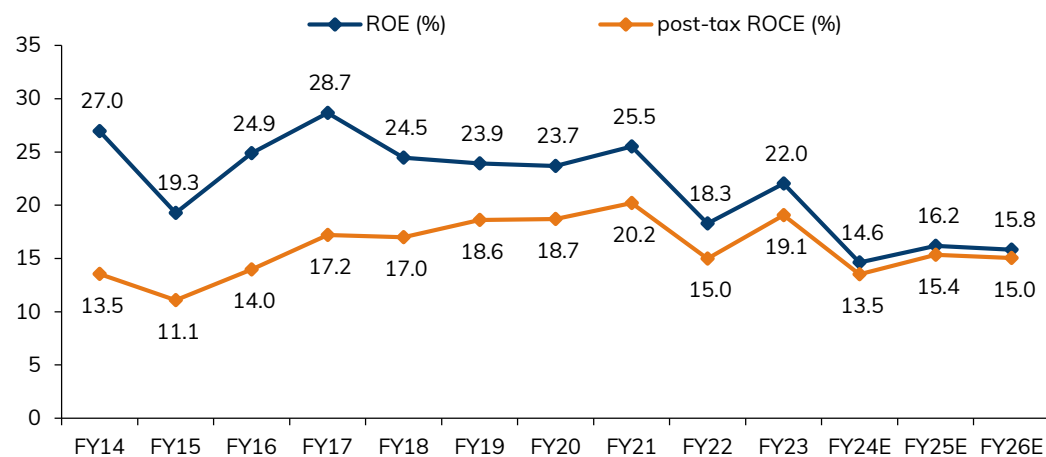
Source: I-Sec research, Company data

Exhibit 19: Working capital days to be stable

Source: I-Sec research, Company data

Exhibit 20: CFO at % of EBITDA to remain stable at 83%

Source: I-Sec research, Company data

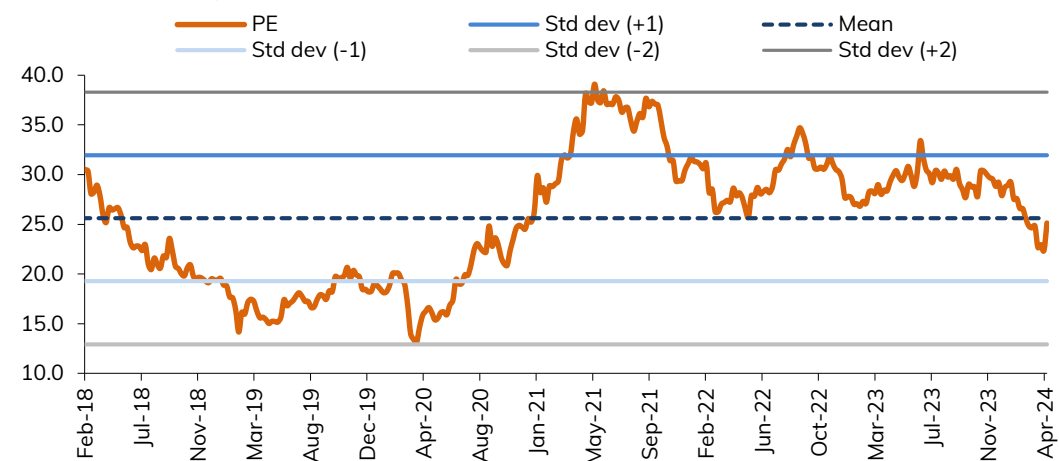
Exhibit 21: Return ratios falling due to higher cash balance

Source: I-Sec research, Company data

Exhibit 22: Earnings revision

Consolidated	Revised		Earlier		% change	
INR mn	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	37,953	40,488	38,881	41,467	(2.4)	(2.4)
Gross profit	12,221	13,746	12,520	13,767	(2.4)	(0.2)
GP margin (%)	32.2	34.0	32.2	33.2		
EBITDA	4,730	5,655	4,975	5,717	(4.9)	(1.1)
EBITDA margin (%)	12.5	14.0	12.8	13.8		
PAT	2,913	3,603	3,200	3,747	(9.0)	(3.8)
EPS (INR)	82.2	101.6	90.3	105.7	(9.0)	(3.8)

Source: I-Sec research, Company data

Exhibit 23: One-year forward PE

Source: I-Sec research, Company data

Exhibit 24: Shareholding pattern

%	Jun'23	Sep'23	Dec'23
Promoters	70.9	70.9	70.9
Institutional investors	15.6	15.6	15.8
MFs and others	11.7	11.6	11.7
FIs/Banks	-	-	-
Insurance	0.4	0.5	0.5
FIIIs	3.5	3.5	3.6
Others	13.4	13.4	13.3

Source: Bloomberg

Exhibit 25: Price chart

Source: Bloomberg

Financial Summary

Exhibit 26: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Net Sales	44,452	37,953	40,488	41,484
Operating Expenses	38,770	33,224	34,833	35,308
EBITDA	5,683	4,730	5,655	6,176
EBITDA Margin (%)	12.8	12.5	14.0	14.9
Depreciation & Amortization	835	990	1,095	1,206
EBIT	4,848	3,740	4,560	4,970
Interest expenditure	217	228	183	183
Other Non-operating Income	-	-	-	-
Recurring PBT	4,730	3,687	4,561	4,980
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	920	774	958	1,046
PAT	3,810	2,913	3,603	3,934
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	3,810	2,913	3,603	3,934
Net Income (Adjusted)	3,810	2,913	3,603	3,934

Source Company data, I-Sec research

Exhibit 27: Balance sheet

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Total Current Assets	16,019	16,152	18,063	20,626
of which cash & cash eqv.	2,476	3,394	4,453	6,681
Total Current Liabilities & Provisions	4,972	4,723	5,042	5,168
Net Current Assets	11,047	11,429	13,021	15,459
Investments	-	-	-	-
Net Fixed Assets	9,208	9,518	10,423	10,717
ROU Assets	90	50	50	50
Capital Work-in-Progress	1,392	1,392	1,392	1,392
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	67	67	67	67
Total Assets	27,345	27,695	30,547	33,419
Liabilities				
Borrowings	2,718	1,218	1,218	1,218
Deferred Tax Liability	283	283	283	283
Provisions	61	61	61	61
Other Liabilities	485	414	441	452
Equity Share Capital	355	355	355	355
Reserves & Surplus	18,471	20,642	23,147	25,882
Total Net Worth	18,826	20,996	23,502	26,237
Minority Interest	-	-	-	-
Total Liabilities	27,345	27,695	30,547	33,419

Source Company data, I-Sec research

Exhibit 28: Quarterly trend

(INR mn, year ending March)

	Mar-23	Jun-23	Sep-23	Dec-23
Net Sales	9,745	9,418	9,831	9,405
% growth (YOY)	(7.5)	(18.7)	(20.2)	(12.9)
EBITDA	1,345	1,232	1,249	1,125
Margin %	13.8	13.1	12.7	12.0
Other Income	70	25	27	64
Extraordinaries	-	-	-	-
Adjusted Net Profit	905	752	774	714

Source Company data, I-Sec research

Exhibit 29: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Operating Cashflow	4,826	3,955	4,697	5,130
Working Capital Changes	903	557	(541)	(213)
Capital Commitments	(1,461)	(1,300)	(2,000)	(1,500)
Free Cashflow	4,269	3,213	2,156	3,417
Other investing cashflow	(47)	175	184	193
Cashflow from Investing Activities	(25)	175	184	193
Issue of Share Capital	-	-	-	-
Interest Cost	(241)	(228)	(183)	(183)
Inc (Dec) in Borrowings	(1,039)	(1,500)	-	-
Dividend paid	(1,275)	(742)	(1,098)	(1,199)
Others	(88)	-	-	-
Cash flow from Financing Activities	(2,643)	(2,470)	(1,281)	(1,382)
Chg. in Cash & Bank balance	1,601	918	1,059	2,229
Closing cash & balance	2,319	3,394	4,453	6,681

Source Company data, I-Sec research

Exhibit 30: Key ratios

(Year ending March)

	FY23A	FY24E	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	107.5	82.2	101.6	111.0
Adjusted EPS (Diluted)	107.5	82.2	101.6	111.0
Cash EPS	131.0	110.1	132.5	145.0
Dividend per share (DPS)	22.0	20.9	31.0	33.8
Book Value per share (BV)	531.0	592.3	662.9	740.1
Dividend Payout (%)	20.5	25.5	30.5	30.5
Growth (%)				
Net Sales	20.6	(14.6)	6.7	2.5
EBITDA	41.8	(16.8)	19.6	9.2
EPS (INR)	45.0	(23.6)	23.7	9.2
Valuation Ratios (x)				
P/E	24.0	31.4	25.4	23.2
P/CEPS	19.7	23.4	19.5	17.8
P/BV	4.9	4.4	3.9	3.5
EV / EBITDA	15.9	18.6	15.4	13.8
EV/SALES	2.0	2.3	2.2	2.0
Dividend Yield (%)	0.9	0.8	1.2	1.3
Operating Ratios				
Gross Profit Margins (%)	30.3	32.2	34.0	36.0
EBITDA Margins (%)	12.8	12.5	14.0	14.9
Effective Tax Rate (%)	19.4	21.0	21.0	21.0
Net Profit Margins (%)	8.6	7.7	8.9	9.5
NWC / Total Assets (%)	31.3	29.0	28.0	26.3
Net Debt / Equity (x)	0.0	(0.1)	(0.1)	(0.2)
Net Debt / EBITDA (x)	0.0	(0.5)	(0.6)	(0.9)
Profitability Ratios				
RoCE (%)	19.1	13.5	15.4	15.0
RoE (%)	22.0	14.6	16.2	15.8
RoIC (%)	20.7	15.6	18.4	19.1
Fixed Asset Turnover (x)	3.0	2.3	2.2	2.1
Inventory Turnover Days	53.0	55.0	55.0	55.0
Receivables Days	50.5	60.0	60.0	60.0
Payables Days	35.3	40.0	40.0	40.0

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Sanjesh Jain, PGDM; Ashvik Jain, MBA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Prabodh Avadhoot](#) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
